

DEPARTMENT OF AGRICULTURE

SUMMARY

The Department of Agriculture helps farmers produce high-quality commodities, promotes Maryland agricultural products, and protects consumers and the environment. In pursuit of these activities, the Department is organized into four main offices: Office of the Secretary; Marketing, Animal Industries and Consumer Services; Plant Industries and Pest Management; and Resource Conservation.

The FY 2005 - FY 2009 Capital Improvement Program provides funds for three programs which help farmers preserve Maryland's farmland, transition from growing tobacco to other crops, and reduce nutrient (nitrogen and phosphorus) runoff. These programs are the Agricultural Land Preservation Program, the Tobacco Transition Program, and the Agricultural Cost-Share Program.

The Agricultural Land Preservation Program preserves productive agricultural land, limits the extent and impact of suburban development, and protects the rural character of Maryland's landscape. As of September 2003, the program has permanently preserved 233,224 acres of agricultural land. The \$154 million provided by the FY 2005 – FY 2009 Capital Improvement Program will preserve approximately 79,000 additional acres.

The Tobacco Transition Program provides funds to farmers who transition from growing tobacco to other crops. The program also purchases easements to retain land in non-tobacco agricultural use.

The Agricultural Cost-Share Program was created in 1983 as a result of an agreement among the Bay States (Maryland, Virginia, Pennsylvania), the District of Columbia, the U.S. Environmental Protection Agency, and the Chesapeake Bay Commission to reduce the amount of nutrients (nitrogen and phosphorus) entering the Chesapeake Bay. As agriculture is the most extensive use of land, other than forest, in Maryland and in the Chesapeake Bay watershed, agricultural activities account for a significant portion of the nitrogen and phosphorus entering the Chesapeake Bay. The Agricultural Cost-Share Program provides financial incentives to farmers to implement best management practices which reduce nutrient runoff from Maryland's farmland. Capital projects funded through the program are reducing nitrogen entering the Chesapeake Bay by an estimated 150,000 pounds per year, and phosphorus entering the Chesapeake Bay by an estimated 50,000 pounds per year.

CHANGES TO FY 2004 - FY 2008 CAPITAL IMPROVEMENT PROGRAM

Changes to FY 2005

None

Changes to FY 2006 - FY 2008

None

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FY 2005 - FY 2009 Capital Improvement Program Grants and Loans

OFFICE OF THE SECRETARY
Budget Code: LA1111

Agricultural Land Preservation Program **FY 2005 Total** **\$17,080**

This program preserves productive agricultural land and woodland, limits the extent and impact of urban sprawl development, and protects agricultural land and woodland as open space through the purchase of perpetual preservation easements. Financial support for this program usually comes from the State property transfer tax, agricultural transfer tax, local matching funds, and the Federal Farmland Protection Program. FY 2005 funding will preserve approximately 8,700 acres of farmland. In addition, 25 percent of the GreenPrint appropriations (shown in the Department of Natural Resources) are used for agricultural land preservation. For FY 2005, this amount is \$1,250,000 and will preserve approximately 600 acres of agricultural land.

| <u>Source</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>TOTAL</u> |
|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| GO Bonds | 5,000 | - | - | - | - | 5,000 |
| SF | 8,580 | 28,400 | 29,000 | 30,000 | 31,000 | 126,980 |
| FF | 3,500 | 4,000 | 4,500 | 5,000 | 5,000 | 22,000 |
| TOTAL | 17,080 | 32,400 | 33,500 | 35,000 | 36,000 | 153,980 |

Fund Summary

| | <u>FY 2003</u> <u>Actual</u> | <u>FY 2004</u> <u>Estimated</u> | <u>FY 2005</u> <u>Estimated</u> |
|--|---------------------------------|------------------------------------|------------------------------------|
| Beginning Balance | 2,527 | 17 | - |
| REVENUE | | | |
| GO Bonds | - | 21,160 | 5,000 |
| Transfer Tax | 8,672 | - | - |
| Agricultural Transfer Tax | 4,080 | 3,000 | 3,000 |
| County Participation and Other Funds | 10,098 | 4,000 | 7,000 |
| Federal Grants | 1,870 | 3,189 | 3,500 |
| Other Income | 31 | 30 | 30 |
| TOTAL REVENUE | 24,751 | 31,379 | 18,530 |
| TOTAL AVAILABLE | 27,278 | 31,396 | 18,530 |
| EXPENDITURES/ENCUMBRANCES | | | |
| Operating Expenses | 1,264 | 1,300 | 1,300 |
| Indirect Expenses | 150 | 150 | 150 |
| Easement Purchases | 7,047 | 29,946 | 17,080 |
| Transfer to General Fund | 18,800 | - | - |
| TOTAL EXPENDITURES/ENCUMBRANCES | 27,261 | 31,396 | 18,530 |
| Ending Balance | 17 | - | - |

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OFFICE OF MARKETING, ANIMAL INDUSTRIES AND CONSUMER SERVICES

Budget Code: LA1213

Tobacco Transition Program **FY 2005 Total** **\$9,653**

This program assists tobacco growers with the transition to growing alternative crops and starting natural resource-based enterprises. The Department of Agriculture works with the Tri-County Council of Southern Maryland to operate the program and disburse the funds. The Tobacco Transition Program has three capital components: the Tobacco Buyout component under which eligible tobacco growers will receive one dollar per pound per year for ten years to stop growing tobacco; the Infrastructure Development component which provides funds to foster profitable natural resource-based enterprises; and the Agricultural Land Preservation component which will purchase easements on potentially 8,422 acres previously in tobacco production.

| <u>Source</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>TOTAL</u> |
|---------------|----------------|----------------|----------------|----------------|----------------|---------------|
| GO Bonds | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 25,000 |
| SF | 4,653 | 4,500 | 6,100 | 7,450 | 7,500 | 30,203 |
| TOTAL | 9,653 | 9,500 | 11,100 | 12,450 | 12,500 | 55,203 |

OFFICE OF RESOURCE CONSERVATION

Budget Code: LA1505

Maryland Agricultural Cost-Share Program **FY 2005 Total** **\$6,000**

This program provides financial assistance to Maryland's farmers for installing one or more of about 20 nationally recognized best management practices (BMPs) that reduce soil and nutrient runoff from farmland. The program requires a minimum 12.5% cost-share match from grantees. In addition, State financial assistance for most BMPs is limited to \$20,000 per project or \$50,000 per farm. These limits increase to \$75,000 per project and \$100,000 per farm when proposed BMPs include animal waste storage facilities.

| <u>Source</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>TOTAL</u> |
|---------------|----------------|----------------|----------------|----------------|----------------|--------------|
| GO Bonds | 6,000 | 6,500 | 7,000 | 7,250 | 7,500 | 34,250 |

Total Program - Department of Agriculture

| <u>Source</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>TOTAL</u> |
|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| GO Bonds | 16,000 | 11,500 | 12,000 | 12,250 | 12,500 | 64,250 |
| SF | 13,233 | 32,900 | 35,100 | 37,450 | 38,500 | 157,183 |
| FF | 3,500 | 4,000 | 4,500 | 5,000 | 5,000 | 22,000 |
| TOTAL | 32,733 | 48,400 | 51,600 | 54,700 | 56,000 | 243,433 |